

MESSENGER LINKS
ARNSTEIN IN WITH
BIG BOND THEFTS
Joseph Gluck Says 'Nicky' Received Bonds From Him in Washington.
HIS SHARE ONLY \$1,000
Nick Cohen, Who Accompanied Them, Was In on Deal, He Testifies.

IMMUNITY FOR RUNNERS
Witness Says Dooling Has Made Promises to Many to Convict Arnstein.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Dec. 8. Joseph Gluck, Wall street messenger, under indictment in connection with the \$5,000,000 bond thefts, was the principal witness for the Government to-day at the trial of Jules W. "Nicky" Arnstein, and the other defendants under indictment here on charges of conspiracy to transport stolen securities into the District of Columbia.

Gluck turned State's evidence and told the jury before Justice Gould in criminal court how the stolen bonds were taken to Washington by Arnstein, the witness himself, and Isadore "Nicky" Cohen, who thus far has eluded capture.

His testimony came as the climax to a series of revelations of immunity alleged to have been promised to the offenders by the New York District Attorney if they would give evidence which would tend to convict Arnstein.

Gluck told how the bonds were turned over to him by Arnstein and Cohen and taken to Washington, where they were placed in local banks as collateral for large loans advanced to the firm of Sullivan & Co., 10 Broadway, New York.

Says His Share Was \$1,000.
The witness identified David W. Sullivan, former head of Sullivan & Co., as the man who met Arnstein at the Pennsylvania Station in New York in October, 1919, and conferred at great length over the stolen securities.

Gluck said the party then entered a train for Washington, where the securities were turned over to the local offices of Sullivan & Co. He said he received \$1,000 for his share of the booty, but that Cohen later borrowed \$500 from him. He did not get a chance to say what other funds or stocks were returned to him, for Justice Gould ordered adjournment until to-morrow.

Although Gluck was interrupted several times by attorneys who claimed the property of admitting certain of his statements to evidence, the story he told ran approximately as follows:
"My name is Joseph Gluck. I live in The Bronx, New York city. I knew Arnstein as 'George' and was introduced to him by Nick Cohen. I met Arnstein in New York the same day the bonds were reported stolen. It was at the Wellington Hotel. I went there with Cohen. He told me he had an appointment with a gentleman and I was to wait in the lobby for him. After a few minutes a gentleman came in and stopped before Cohen. It proved to be Arnstein. I thought his name was 'George' and knew him by no other name. Once during that day I had been a broker's office. I showed the securities to him and he said to me, 'McKistrick. He said, 'Won't there be an awful holler about this?' I said 'I don't know about it. But I hope not.'"

Then Cohen and I went to a Mr. Hogan's office. This was before I had met Arnstein in the hotel. The stocks I had got from my brother, Irving Gluck, who also has been promised immunity if he tells all that he knows. He is in Tombs prison now. It was the evening of the day that I met Arnstein. I met him in a cafe. Mr. Arnstein was there. Cohen asked me about the securities. I gave him 100 shares of Retail Stores. I had other stocks but did not part with them. Cohen and Arnstein went off together. I was told to get ready to leave for Baltimore the next day. It was about 11:30 P. M. I met Cohen later by appointment and saw Arnstein with him. It was in a saloon. Arnstein called a cab. We got in and told the driver to go to Pennsylvania Station. I held in my hand the bag in which the securities and bonds were placed. I went ahead in front of the car. Arnstein called a cab. I stayed back and presently we walked down to the train shed.

Delivered Bonds in Washington.
The porter wanted to get my bag, but I refused to let him have it. I held onto it and when we were in the drawing room of the Pullman Cohen told Arnstein he was sure the bonds were good. Arnstein said he wanted to be shown, so the bag was opened and the securities were dumped out. Arnstein looked at the signatures and said they were good.

Cambridge Denies Full Membership to Women
LONDON, Dec. 8.—Cambridge University to-day by a vote of 904 to 1,712, refused women full membership in the university on equal terms with the men. Most of the other universities, including Oxford, have already granted full membership to women, and the decision to-day means that women attending Cambridge University, who are present at the same lectures and take the same honors and examinations as the men, are still prevented from taking degrees. Among the arguments employed by the opponents of the women are that the university would become overcrowded and that Oxford already regrets having granted women full membership. Cambridge wants women to have their own university.

ENRIGHT SAYS N. Y. CRIME DECREASES
Denies Wave of Lawlessness Sweeps City and Gives Figures to Back Him.

PRaises POLICE FORCE
General Burglary Insurance Not Raised Here, as in Some Other Cities.

Richard E. Enright, Police Commissioner, issued a long statement last night in which he defended the Police Department against attacks made upon it from various sources, and in which he denied vigorously that there had been a crime wave in the city, or that the police had been negligent and inefficient in their duty.

"The crime records of this department," says the statement, "show that so far as the four important crimes against persons and property are concerned there has been no increase in crime. In fact, there has been a substantial decrease over conditions existing at the previous five years."

To substantiate this statement Mr. Enright gives figures, which he says are taken from the records of the department, showing that in 1915 there were 15,885 cases of the four important crimes—murder, felonious assault, assault and robbery and burglary—10,641 in 1916, 10,595 in 1917, 14,431 in 1918, and 13,122 in 1919. These figures do not include the previous five years.

ANOTHER REPUBLIC FORMED IN EUROPE
Serbia Agrees to Protect It From Hungary.

VIENNA, Dec. 8.—The Funkirchen district of 105 miles of Budapest was awarded to Hungary by the peace treaty, has been declared the Republic of Baranya, under the protection of Serbia, which promises military aid in the event the Hungarians attempt to occupy the district.

Proclamation of the republic followed extended conferences between the Belgrade Government and the former Hungarian Ministers Jaski and Lindner, despatches from Agrani add.

Long smoldering discontent among Croats against Serbian rule has resulted in a declaration by the newly elected assembly of the Radical party that they will proclaim the Independent Croatian People's Republic. It is said in another despatch from Agrani.

MEXICAN BANDITS SLAIN BY THEIR CHIEFTAINS
Refused to Wreck Train Carrying Americans.
SAN ANTONIO, TEXAS, Dec. 8.—According to information brought here to-day by a ranchman, Mexican bandits, who were ordered to wreck and loot a special train carrying American visitors returning from Mexico city, where they attended the inauguration of Gen. Obregon as President, were executed by their chieftains when they refused to carry out the plot.

BRITISH TERMS TO IRELAND
HOPE FOR PEACE

No Amnesty, Surrender of Arms and Abandonment of Republic Demanded.

CABINET IN SESSION
Sir Hamar Greenwood and Sir John Anderson Confer With Premier.

NEW VIOLENCE FORECAST
Sinn Fein Determined to Reject First Two Conditions and Save Michael Collins.

Special Cable to THE NEW YORK HERALD.
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New York Herald Bureau, London, Dec. 8. The hopes of Irish peace have been shattered again upon the rocks of the irreconcilability of both sides. It is stated semi-officially here following the Cabinet meeting to-day that the Government's terms include no amnesty, the surrender of all arms, and the abandonment of the demand for a Republic for Ireland.

The correspondent of THE NEW YORK HERALD is informed through direct channels that Sinn Fein will not accept the first two terms and that it is confident it will be backed by the entire Irish people in its refusal.

Inclusion of no amnesty and the surrender of arms came after Lloyd George had been talked to, not only by Sir Hamar Greenwood, Chief Secretary for Ireland but by Sir John Anderson, political head at Dublin Castle, and a military official whose name cannot be mentioned. Those men refused under any circumstances to have anything to do with any plan which would permit Michael Collins and other chiefs of what the Castle calls "the murder gang" to escape the net that the Castle believes is rapidly closing around them.

From Sense of Duty.
Sinn Fein and the bulk of Irish opinion will not consent to the surrender of Collins, et al. to the perils of the British military tribunals because even if they believe the activist leaders are responsible for such outrages as the slaughter of British officers in Dublin they believe they did it as their duty.

Father O'Flanagan's telegram was before the Cabinet to-day, and while no formal reply is yet foreshadowed it is stated on good authority that when such a reply is made it will first demand O'Flanagan's credentials and then lay down the above conditions of treating with him further.

There is no doubt that Lloyd George himself is willing to accept the conditions outlined heretofore, providing for the summoning of the Dail Eirann, the Sinn Fein Parliament, and testing its powers to effectuate a truce, but he has been overruled by the element represented at Dublin Castle and the Cabinet majority on the Convention benches in the House of Commons.

It is further predicted by both sides here to-night that the result will be a recrudescence of violence in Ireland of a scope and bitterness hitherto unprecedented. The Castle believes it has the Sinn Fein on the run, and the Sinn Fein believes all its members must stand together now or never.

New Form of Repression.
From Cork it is reported the outbreak of a new form of repression there—auxiliaries seizing whips from jaunty cars and driving the crowds before them in order to make searches.

Commenting in this connection on the publication of the Government terms, a man who reflects representative opinion here to-night, told the correspondent of THE NEW YORK HERALD: "If Lloyd George asks Father O'Flanagan to surrender the men Dublin Castle says are guilty of the killings, O'Flanagan might as well reply with a demand that Lloyd George surrender to Irish justice the Black and Tan auxiliaries who, as the Castle says, were the cause of the killings in Dublin, assassinated sixty-three Irishmen, young and old, some crippled and invalided, before Dublin's bloody Sunday."

This man then produced a copy of the Irish Bulletin, the Sinn Fein propaganda sheet, which enumerates fifty-three "deeds of violence" of men and boys executed by the British, and says the list does not include eighty-two "casual killings" by the military and police this year. The list begins with Thomas McCurtain, Lord Mayor of Cork, who a coroner's jury found had been killed by "police," a verdict in which all Ireland, at least, believes, and ends with Father Griffin of Galway.

This man further states that Ireland will not agree to surrender arms because Ireland knows not only about the open enlistment of Catholics as special armed police in Ulster, but has information that the Ulster Volunteers are equally well organized under cover.

CANADA REBELS AGAINST EUROPE'S RULE OF LEAGUE

Opposition Grows to Council's Effort to Dominate the Assembly.

AUSTRALIA JOINS IN IT
Attempt to Create New Bureau Arouses Anger of British Colonists.

REPORT IS WITHDRAWN
Old World Statesmen Shocked by Latest Attack in Geneva Meeting.

By LAURENCE HILLS.
Special Cable to THE NEW YORK HERALD.
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Geneva, Dec. 8.—European statesmanship received another sharp blast to-day. The explosion came again from Canada, whose independence of European traditions and of the control of the mother country, Great Britain, is rapidly becoming one of the leading features of this meeting. The Canadian blast to-day was directed against the idea that the world's economic and political affairs are to be regulated hereafter by European statescraft, exercised through all kinds of committees in conference under the aegis of the League of Nations.

In fact, Canada went further and applied her blast to the league itself. "The people of Canada are not prepared to turn over the question of dealing with these problems to a European league or a European committee," said Newton Wesley Rowell, formerly President of the Canadian Privy Council. Mr. Rowell then pointed out in a manner that shocked the Europeans that it was their diplomacy and ambition which had drenched the world with blood and buried 50,000 Canadian soldiers in its wreckage.

Arthur J. Balfour and H. A. L. Fisher, British delegates, were plainly astounded by Mr. Rowell's denunciations, but made no attempt to reply.

Canada's Protest Unexpected.
Canada's protest was an unexpected feature of today's session, removing for the first time the "rubber stamp" character of the proceedings incident to the reception of the committee reports and opening the way for other protests against the control exercised by some of the Powers.

That protest is on against the attempt by the allied supreme council to direct the affairs of the assembly was emphasized following the supreme council's command to the assembly not to admit Armenia and Albania, but how far this revolt will reach is still uncertain.

The British Dominions are obviously making a show of their independence, with an idea, for one thing, of justifying in American eyes the separate vote accorded each of them. Australia joining Canada's protest to-day against the interpretation of Europe is seeking to place on the covenant and the creation of huge schemes for investigation and control.

The result of to-day's protest was the first upsetting of any commission report. This report was on the economic condition and was presented by Gabriel Hanotaux of France. It would appear immediately to the faltering league three new bureaus on economic and financial organization, communications and transit and health, each with a separate personnel under control of the league council, and each with a highly paid staff, while each of them would be called into annual conference in Geneva.

Although the scheme by Tomasso Tittoni of Italy of the pooling of raw materials has been dropped from this plan as a result of the protests made in the committee to which it was referred, the extraordinary latitude of these proposed organizations and the disadvantages non-European countries obviously would be under in regard to league council and its dominion, as expressed by Mr. Rowell.

Mr. Rowell based many of his objections to the creation of these new agencies on the fact that Article XXIII of the covenant gave no authority for their establishment except that it was done by special conventions among the league states. He also called attention to the fact that Canada, like any other nation, could not be sending over her best men continually to conferences in Europe, and that if she sent second class men it would mean that these conferences, which will establish policies where Canada might be bound, will be controlled absolutely by the European nations.

"That might be all right if this were a European league, but it is all wrong if it is a world league," he declared. He said he had respect for European statesmen, but added that "they do not understand our viewpoint."

Why, even the statesmen of the mother country, Great Britain, for whom I have respect, admiration and affection, do not permit to settle any of our Canadian affairs, and we are not prepared to turn over for settlement such affairs to a general European committee," he said.

Responsibility for War.
You may say that we should have confidence in the European statesmen and leaders. Perhaps we should, but it was European statesmanship, European policy and European ambitions which drenched the world with blood, and we are still suffering from it and will continue to suffer for generations. Fifty thousand Canadians under the soil in France and Flanders—that is what Canada has paid for European statesmanship trying to settle European problems. Therefore I submit that should not in this international assembly part with

Dog With Flag on Tail
Costs Owner \$10 Fine

BOSTON, Dec. 8.—The display for sale of a toy dog with a miniature American flag attached to its tail brought S. Ishikawa into the Municipal Court to-day. Mrs. Ralph Kirtland, president of the Woman's Civic League of Malden, and a member of the Daughters of the Revolution, complained it was shown at Ishikawa's novelty shop in Back Bay.

The merchant admitted the fact, said the toy was one of a lot imported several years ago from Japan, and pleaded that there was no intention to show disrespect for the Stars and Stripes.

He was fined \$10.

MONKEY AIDS GIRL WITH CHILD MIND
Thyroid Gland Is Successfully Transferred to Cripple Hidden 13 Years.

KEPT IN CHICAGO CELLAR
Patient, 19 Years Old, Expected to Become Normal Mentally—Simian May Die.

Special Despatch to THE NEW YORK HERALD.
CHICAGO, Dec. 8.—Balboa clung to the bars of his cage in the American Hospital and chattered weakly. Life for the moment was a dark mystery to Balboa. He had been picked up in the street while collecting pennies for Giuseppe, the organ grinder, rushed to the hospital, shaved, anesthetized and separated from his thyroid gland.

It was not for Balboa to know he had participated in a stirring scientific drama that had begun when the humane society authorities had found nineteen-year-old Mary Zenbek, blinking like a little crippled mole in a Joliet cellar. Mary had been kept hidden by her parents for eighteen years because she was born deformed, and her parents had been ashamed to show her. She had lived, eaten, slept in the cellar, never had seen daylight and had grown up misshapen and with the mind of a child of 8.

Scientists as well as welfare workers at once interested themselves in the case, and it fell to Balboa, skipping lightly to the music of a hurdy gurdy, to step forward from the hinterland of evolution and contribute a thyroid gland. For, according to the scientists, the trouble with Mary Zenbek was that she had been born with an improperly developed thyroid, and this defect was responsible for her mental condition and deformity.

The operation was performed in the American Hospital to-day by Dr. Max Thorek and Dr. Bernard Klein, the latter of Joliet. Dr. Thorek would make no statement, but Dr. Klein explained that the operation had been simple, that the gland had been removed from the monkey's neck after the creature had been shaved and put under the ether, and that it then had been placed in Mary's neck.

"The girl," said Dr. Klein, "will recover, and in all likelihood she will become normal mentally and regain her health."

Dr. S. Krumholz, professor of neurology at Northwestern University, who has had Mary under observation during the three months since she was discovered in the cellar, declared the operation had revealed the girl to have only the rudiments of a thyroid gland.

"The defect made her only 8 years old mentally and physically," said Dr. Krumholz. "But we feel certain now that with the monkey gland she will be able gradually to acquire the intelligence becoming a girl of her age. She, of course, will have to be taught as any eight-year-old girl would, but she will learn, and that's the point."

CAST OUT RADICALS, CORNWELL'S WARNING
Governor of West Virginia Talks to Southern Society.

Gov. John C. Cornwell of West Virginia was the principal speaker last night at the annual dinner of the members of the New York Southern Society in the Waldorf-Astoria Hotel. In a speech which was frequently interrupted by applause he defended his course in dealing with the disturbances in the coal fields of his State, and declared that organized labor must cast out its radical leaders if it wishes to have the respect of the United States.

"We have started out with the purpose of restoring Mingo county to normal conditions and enforcing the law," said Gov. Cornwell, "and we are going to do it. If it takes all the men of West Virginia and the American army into the bargain."

SPEEDY REVISION OF REVENUE AND TARIFF ASSURED

House Ways and Means Committee Begins Hearings Next Week.

TARIFF DATES ARE SET
Fordney Suggests Taxes on Corporations, Sales, Tea and Coffee.

TO DROP EXCESS PROFITS
Preparations Made to Rush Measures for Special Session in March.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Dec. 8. Republican members of the House Ways and Means Committee to-day decided to expedite the revision of the revenue and tariff laws by beginning work on this enormous legislative task next week.

Hearings to determine what changes should be made in the tax laws probably will commence Monday with Treasury officials as the first witnesses. Suggestions for changes in the tariff laws will be heard, beginning January 6 and continuing until February 16, at the earliest.

Tentative plans are to continue the hearings on revenue revision until the holiday to determine whether it is imperative that a few tax changes should be made at the short session or that an amendatory legislation should be passed until a complete revision can be made.

Consider Tariff First.
Chairman Fordney of the committee said present plans are to have the revised tariff bill ready for consideration in the House before the new revenue bill. He pointed out that the tariff bill can be made retroactive, he pointed out, while it is impossible to do so with tariff changes.

The committee, according to Mr. Fordney and other members, has no definite programme as to either revenue or tariff changes, believing that various interests involved are hard to conciliate. Plans are to increase the tariff. The prevailing opinion among committee members is that the increases cannot be expected to yield much more than \$500,000,000, as compared with the present rates of \$260,000,000.

As to the revenue revision, the committee next week hopes to have Secretary of the Treasury Houston explain these new taxes he suggested in his annual report made public to-day. It is understood the excess profits tax will be repealed and that many of the present obnoxious petty levies will be eliminated.

The actual framing of the new tariff bill will be started early in the special session to be called by President-elect Fordney. Mr. Fordney hopes. It cannot be passed until late in the summer, it is generally agreed. If the revision of both tariff and revenue laws can be accomplished during 1921, Congress will have shown exceptional legislative speed, Mr. Fordney thinks, because of the vast amount of work involved.

Houston's Suggestions Considered.
Many of the tax suggestions made by Secretary Houston did not meet with approval among House committee members. His proposal for a tax on undivided profits of corporations seemed to be the most popular, but there was strong opposition apparent to increasing the normal income tax rates.

Tax suggestions made by Mr. Fordney include a flat tax on corporations, a sales tax and special levies on tea and coffee. "It is my desire," he said, "that the income tax laws be made so simple that a corporation will not have to hire an expert or a lawyer to figure out how much it owes the Government. I think that rates could be adjusted so that, by a flat tax on profits, \$1,600,000,000 can be raised."

"I believe a tax of one-half per cent. on all sales would prove a wise and acceptable one. Also, after the civil war a tax of eight cents a pound was placed on coffee imports. If we should tax coffee five cents a pound the yield would be \$65,000,000. A tax of ten cents a pound on tea would raise about \$25,000,000."

Mr. Fordney asserted the estimates of the Treasury Department were ridiculously high and said they must be reduced more than \$1,000,000,000 if Congress is to have any success in lightening tax burdens.

Tax Increases Proposed by Secretary Houston

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Dec. 8. SECRETARY of the Treasury Houston recommended to-day in his annual report the following increases in the income tax to compensate for recommended repeal of the excess profits tax: Twenty per cent. tax on corporation profits and higher surtax rate, yielding \$690,000,000. Six per cent. tax additional on corporation incomes, yielding \$465,000,000. Abolishing of the \$2,000 exemption to corporations on income, yielding \$58,000,000. Readjustment of income surtax rates, yielding \$230,000,000. Increase from 4 to 6 per cent. on incomes of \$5,000 or less, and from 8 to 12 per cent. on incomes between \$5,000 and \$10,000, estimated to yield \$150,940,000.

SMOOT TO CUT U.S. BILLS BY A BILLION

Senator Says Estimates Must Be Reduced, as \$4,000,000,000 Is Set as Limit.

ARMY AND NAVY TO BE HIT
Schedules in All Departments Will Have to Be Sealed, Is Dictum.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Dec. 8. A billion dollars must be cut from the executive estimates for the Federal Government in the next fiscal year. This is the dictum of Senator Reed Smoot, and Senator Smoot is in a position to know what the money programme of Congress will be.

The Utah Senator has not tabulated the manner in which this cut is to be made. He was speaking in general terms. Regardless of the sum total of the estimates submitted to Congress two days ago, the Senator is aware as one result of his long service in the national legislative body that original estimates do not make up the whole amount of money which Congress will be called on to pay.

Large deficiency appropriations will be asked at the present or coming special session, Senator Smoot pointed out. Despite every safeguard within the purview of Congress, except prior review of the executive of executive officers, it is common knowledge that nothing has been able to restrain the Government departments from going right ahead and spending money, legally obligating the Government, then calling on Congress to pay these sums no matter how much piling was done in original estimates.

"It is out of the question that Congress shall provide for paying out more than \$4,000,000,000," said Senator Smoot. "The estimates already submitted amount to more than \$4,500,000,000, and with the usual deficiency appropriation which will be asked, the bill will amount to at least \$5,000,000,000."

"I have not made out any schedule of what estimates must be cut," Senator Smoot continued. "The largest reductions, I should estimate, would be made in the money asked for the military and naval establishments. There is sure to be a big slice taken from the sundry civil appropriation."

"It is safe to say that every estimate submitted to Congress will be cut down considerably. It is out of the question that in the next fiscal year the United States will be forced to pay out fully \$5,000,000,000."

WEDS STEPDUGHTER, FULFILLS WIFE'S WISH
Binghamton Woman Made Request on Deathbed.

Special Despatch to THE NEW YORK HERALD.
BINGHAMTON, N. Y., Dec. 8.—Robert C. Hayes, 35 years old, of this city, married his stepdaughter, Anna Mae Merritt, within five days after her wife's death as the result of her dying bequest when she gave her daughter to be her husband's wife on condition that he marry her on once.

Anna Mae Merritt, who is 20 years old, was married three years ago to a soldier named Moore. A year later a child was born, and following a separation a divorce was granted to the young wife. The girl resumed her maiden name and with her child took up her home with her mother and stepfather.

The mother, when informed she was stricken with a fatal disease, called her husband to her bedside and told him her one great worry was what would become of her daughter and her grandson. She asked him to grant her last request and marry her daughter. He did so. Mrs. Hayes died last Wednesday. Monday the husband and his stepdaughter were married.

4 BILLIONS A YEAR INCOME UNTIL 1923
URGED BY HOUSTON

Report to Congress Asks for Revision of Taxes to Raise Enough Funds to Meet Debts.

AGAINST PROFITS LEVY
Suggests an Assessment on Corporations' Surplus as a Partial Substitute for Present Plan.

ALL INCOMES ALSO HIT
Candy, Tobacco, Gasoline, Automobiles Among Other Things Named—Action Expected.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Dec. 8. Secretary of the Treasury Houston recommended to-day in his annual report to Congress on the national finances that the existing laws on taxation be revised so as to yield \$4,000,000,000 revenue annually "to the end at least of the fiscal year 1923."

Mr. Houston recommended also repeal of the excess profits tax, readjustment of rates in higher income tax groups, and elimination of a few luxury taxes, notably that on soft drinks, which has proved hard to collect and comparatively unproductive. He proposed large increases in taxes on corporation profits, raising the tax levy on incomes up to \$5,000 by 2 per cent., and increasing by 4 per cent. incomes between \$5,000 and \$10,000. Increased taxes on most luxuries also were urged. The revised and new taxes were estimated to yield \$2,000,000,000.

The report is to be acted on at the present session of Congress without waiting for the special session that Senator Harding is expected to call after his inauguration as President. In explaining his plan for "revision without reduction of revenues," Mr. Houston said in his report:

"While it is highly desirable that the tax law should be revised at the earliest possible date, it is imperative, in my opinion, that the revenue from taxation be maintained after this fiscal year on a level of not less than \$4,000,000,000 a year to the end at least of the fiscal year 1923. The internal revenue receipts may not greatly exceed \$4,000,000,000, even in the fiscal year 1921, on the basis of existing law."

"We now have a floating debt (tax and loan certificates maturing within twelve months) of approximately \$2,500,000,000. This amount of debt should not be funded but should be retired, if possible, by the end of the fiscal year 1922. On January 1, 1921, war savings certificates now amounting to about \$800,000,000 fall due, and on May 20, 1923, Victory notes now amounting to about \$1,250,000,000 mature."

"The retirement of the tax and loan certificates, the reduction of the volume of obligations maturing in 1922, to some extent by the operations of the sinking fund and the successful refunding of the balance of these obligations constitute a colossal task, to the accomplishment of which the whole financial policy of the Government must be shaped. With obligations of approximately \$7,500,000,000 maturing in the next two and a half years it would be unwise, unless compelled by the severest form of industrial depression, to plan for aggregate tax receipts after this fiscal year and till at least the end of the fiscal year 1923, of less than four billions a year. But this of course does not mean that the public will have to pay as large a tax amount in the aggregate in that period as in the current or the preceding financial year."

Making Up Excess Profits Gap.
In proposing this programme to Congress Mr. Houston named the new taxes whereby he hopes to compensate for the abolition of the excess profits tax, but in so doing said: "I shall not attempt to discuss them" but that "these possible sources of income are mentioned for the information of Congress." Mr. Houston's "possible sources of income" are as follows:

A tax of 2 cents a gallon on gasoline, whether for automobiles or other purposes, yielding \$90,000,000. A Federal license tax of 50 cents for each horsepower on automobiles, yielding \$100,000,000. A sales tax on motor vehicles other than trucks and wagons, motorcycles and motor car accessories, yielding \$100,000,000. A 10 per cent. additional tax on theatrical tickets and admissions, yielding \$70,000,000. Additional tax of \$2 a thousand on cigarettes, yielding \$70,000,000. Additional tax of 25 cents a thousand on cigars, yielding \$5,000,000. Additional tax of 5 cents a pound on tobacco and snuff, yielding \$8,000,000. Additional tax of 5 per cent. on candy, yielding \$20,000,000. Additional tax of 7 per cent. on chewing gum, yielding \$2,000,000. Additional tax of 1 per cent. on toilet soap and toilet soap powders, yielding \$4,000,000. Ten per cent. tax on sale by manufacturers, producers or importers of perfume, cosmetics and medicinal articles instead of present tax on consumer, yielding \$10,000,000. Additional 5 per cent. tax on jewelry and precious stones, yielding \$2,000,000. Additional tax of 5 per cent. on musical instruments, yielding \$13,000,000. Additional tax of 5 per cent. on motion picture films, yielding \$4,000,000. Concerning the luxury taxes, on